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C.P.R.'S ANNUAL REPORT.

The annual pamphlet report of the Canadian Pacific Railway Company, with its wealth of information regarding the affairs and developments of this big corporation, incidentally forms a useful index of the general trend of trade and economic affairs in Canada. As already noted, C. P. R.'s gross earnings for the year ended June 30th last fell back to \$98,865,209, compared with \$129,814,823 in the previous year, last year's gross earnings being in fact only a little more than those of 1910. That the causes which led to this abnormal decline were uncontrollable, as stated in the directors' report, is shown by the statements of freight carried. Last year, with the single exception of live stock, there was a general decline in every class of freight forwarded by the company. A comparatively poor harvest resulted in a decrease in flour freight of over 250,000 barrels (8,538,600 against 8,802,500) and of no less than 58 million bushels of grain (126,909,828 against 184,954,241). The decline in building operations and trade inertia both at home and abroad account for a decline in lumber shipments of 800,000,000 feet (2,180,735,600 against 2,953,125,699); similarly, the close of a period of great activity in construction and the beginning of a period of poor general trade are reasons for the falling off of over 2,000,000 tons in manufactured articles (6,024,590 against 8,148,012) and a similar decline in all other shipments (7,423,163 against 9,159,112 tons). Coincident with these heavy declines in freight traffic, there was also a falling away in the number of passengers carried of 2,400,000 from 15,638,312 to 13,202,603.

THE OUTLOOK.

As a result of the falling off in traffics, the margin left after payment of the usual dividends was a particularly small one—less than \$90,000. Special income from a variety of sources, out of which 3 per cent. of the 10 per cent. dividend on the common stock is paid, increased, however, by \$2,381,461, and under the circumstances the directors were of opinion there was no good reason for a change in dividend policy. Undoubtedly, the decision of the C. P. R.'s

directors in this connection served to steady business sentiment at a critical time and is a contributory cause towards continuing a feeling of temperate and steadfast confidence that is the first necessity towards a revival of business activity. Those in charge of the C.P.R. also have good grounds for anticipating that during the current year they will be able to go ahead again in at least some important classes of freight traffic as a result of bountiful western harvests, while the shipments in due course of war supplies and equipment now in process of manufacture will also serve to bring grist to the mill.

SMALL CAPITAL EXPENDITURES PROPOSED.

Evidently, the affairs of C.P.R. are being administered at the present with thorough-going economy. Working expenses last year were reduced by over 1¼ per cent. in proportion to gross earnings—no mean feat when the latter were falling at the rate they did last year. Some \$10,700,000 was spent during the financial year in improvement works; for the current year the allocations in this connection aggregate only 3½ million dollars, the principal item being the continuance of the work on the Rogers' Pass tunnel in the Selkirk Mountains. Evidently, the programme of heavy construction which has been carried on during recent years is now practically complete, and it is hardly likely to be renewed until some of the extensions and improvements which have absorbed capital in recent years contribute more largely to revenue. Additionally, the company last year paid off its outstanding first mortgage five per cent. bonds, obtaining new capital at a lower rate, thus reducing interest charges.

VARIEGATED INTERESTS.

The total assets of this great corporation are now reported as \$931,853,369. Cash in hand at June 30 was \$17,055,269 and total of working assets, \$44,933,668 against current liabilities of only \$12,552,309. It is obvious that a high standard of liquid financial strength has been amply maintained under the most trying of circumstances. A list of miscellaneous assets includes a good deal of interesting information as showing the widespread character of the interests of the company. Land holdings aggregate 8,214,186 acres, these being not only town sites and agricultural lands, but including ready-made farms, timber lands, coal lands and iron lands. Additionally, the company owns collieries, coal, natural gas and petroleum rights in the West, shares in a mining and smelting company and in a power plant and even live stock advanced to farmers having contracts with the company, on security lien notes. The remarkable judgment and foresight which have raised the company to its present importance, which is but a stepping stone to future greater importance, are evident throughout the report.